

# Opportunity to Acquire 'All Natural Food Product Company'

Reference ID FKL-323

## Overview

<b>Industry:</b>	Manufacturing > Food	<b>Revenue:</b>	\$ 4,191,347
<b>Location:</b>	Pacific Northwest	<b>Cash Flow:</b>	\$ 821,343
<b>Asking Price:</b>	\$ 2,999,000 (+ Inventory)	<b>Employees:</b>	8 FT   1 PT

## Company Overview

In operation since 2010, this niche food manufacturing company produces all-natural and value-added products for distributors nationwide in industrial, food service, and retail packaging. The sale encompasses two well-established product line names and proprietary recipes. Customers include long-standing distributors who disperse the products across the United States. Growth opportunities exist by expanding product lines, increasing distribution channels, and growing retail packaging options. There is limited competition in this niche market with fewer than six direct competitors for this business, none with the same scope of products. After many years of successful operations, the owners are interested in selling the business and pursuing other interests.

## Investment Highlights

- **Steady Growth** - The company has maintained over \$2 million in gross revenue and 40% gross profit margins for the past three years.
- **Limited Competition** - The company caters to a niche market nationwide with limited competition.
- **Repeat Customer Base** - The company has a strong network of loyal distributors and has also recently added a nationwide distribution client. 85% of customers pick up their orders -- a large distribution fleet is not required.
- **Economies of Scale** - Ingredients are used in multiple products, and the packaging sizes all utilize the same size tops and boxes.



Revenue		Financial	
2022	\$ 4,038,832	Inventory	\$ 400,000 Average (Not included in asking price)
2021	\$ 3,224,672	Terms Offered	14 days; 100% Check
2020	\$ 2,416,501	Avg. Transaction Size	\$ 7,000

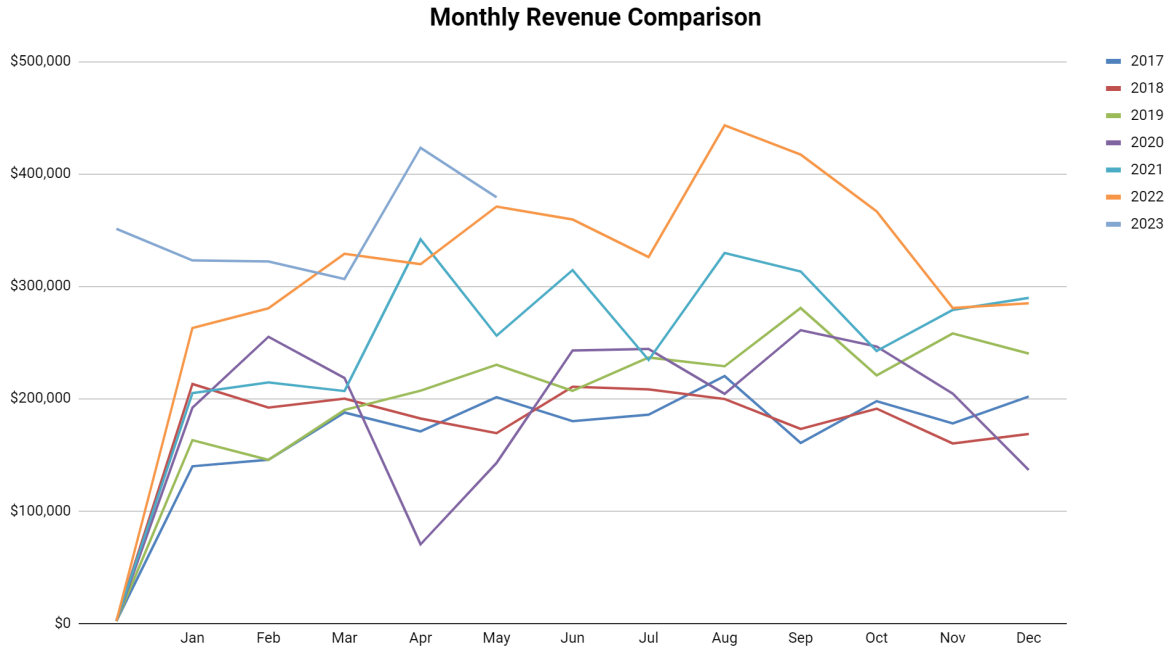
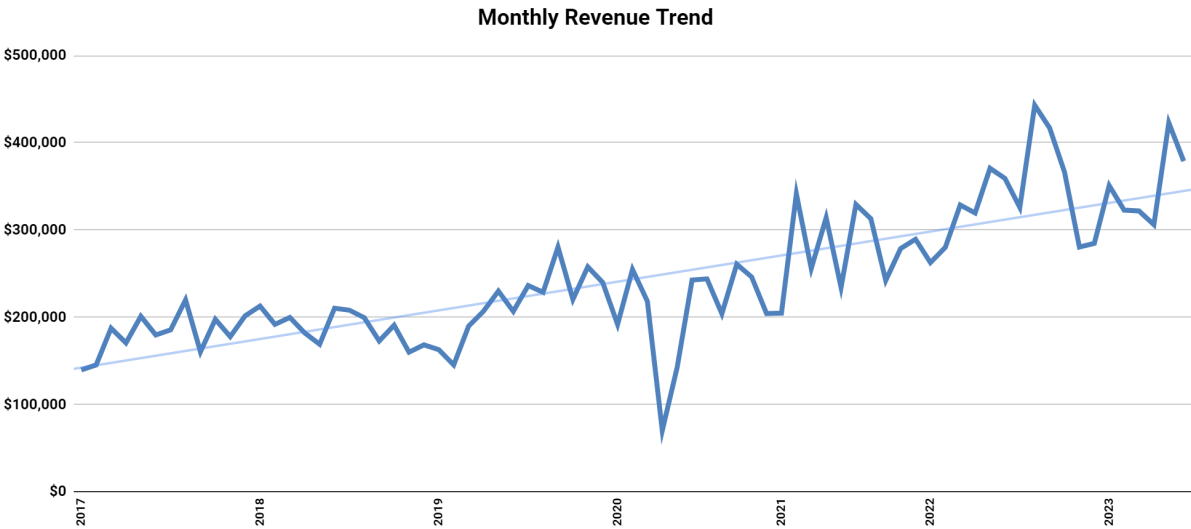
Operations		Terms	
Year Established	2010	Business Relocatable	Yes
Hours of Operation	Monday - Friday, 6:00 am - 3:00 pm	Non-Compete	5 years
Full-Time Employees	Operations Manager (1); Manufacturing Staff (7)	Training	One month included in price
Part-Time Employees	Admin Bookkeeping (1)	Licenses Required	Business License; Processing License; Perishable Agricultural Commodities Act License; Hazard Analysis Critical Control Point Process

Assets		Facilities	
Equipment	\$ 762,885	Type	Office & Warehouse
Leased Equipment	None	Square Feet	20,000 sq. ft.
Intellectual Property	Trade Names & Trade Secrets	Rent	\$ 12,850
Vehicles	2 box trucks (included in the sale)	Lease Options	Negotiable
Land/Buildings	Owned (20,000 sq. ft.)	Property for Sale	Yes

## Investment Highlights

Following are the highlights of the business:

- ✓ Few competitors - **there are only four competitors who offer similar products**, and they each offer only a fraction of the product range that this company provides.
- ✓ **Revenue is steady throughout the year**, with little seasonality.
- ✓ **The owners work less than a full work week** and could be replaced in the business by expanding the roles of employees or integrating the business into an existing company.
- ✓ **New equipment is coming** online, which will expand the packaging options of the products to include **retail package sizes**.
- ✓ **Economies of scale are built into the business model**. For example, ingredients are used in multiple products, and the packaging sizes all utilize the same size tops and boxes.
- ✓ Growth has been steady for several years, with **gross revenue of over \$2 million and 40% gross profit margins**.
- ✓ The company has a strong **repeat customer base** with distributors and the recent addition of a nationwide distribution client.
- ✓ The business has not used any traditional marketing - **all clients have been gained through word-of-mouth recommendations** and relationships.
- ✓ There is **significant growth opportunity** through establishing sales and marketing campaigns and actively promoting the business.
- ✓ **Seller financing** is offered for qualified buyers. This is contingent on a large down payment and the current owners maintaining a percentage of ownership.
- ✓ The business has a **low working capital requirement**.
- ✓ There is no leased equipment -- **all equipment is owned** and included in the price.
- ✓ **Experienced staff** have a strong knowledge of the operations.
- ✓ **Training** and support are included in the price.



## Description of the Food Manufacturing Industry



The Food Processing Industry is a mature sector that loosely tracks underlying demographic trends, such as population and income growth. Companies generate revenue from the sale of food and ingredients to a whole host of customers, ranging from supermarket chains and local bodegas to restaurants and other players further down the processing chain.

This sector is praised for its ability to deliver consistently positive investment returns. Indeed, over the past 20 years, Food Processing stocks have, on average, delivered high single-digit annual total returns (share-price appreciation and dividends), with much less volatility than the broader market indexes.

The food processing market is expected to reach an estimated \$4.1 trillion by 2024, with a CAGR of 4.3% from 2019 to 2024.

According to market reports, the future of the food processing market looks promising with opportunities in beverage, dairy, meat & poultry, convenience food & snacks, fruits & vegetables, and seafood industries. The major drivers for this market are increasing demand for ready-to-eat food products, changing lifestyles, and an increase in nuclear families and working women.

Emerging trends, which have a direct impact on the dynamics of the industry, include the development of food processing technologies that reduce detrimental changes in food and maintain nutritional value. Cargill Foods, Nestle, PepsiCo, Archer Daniels Midland, and Unilever are among the major processed food manufacturers.

## Description of the Industry in the U.S.

According to several reports, the U.S. food industry trails the global market and, although North America is the largest global market across all food segments, the overall growth of the food industry, which includes food packaging, is being driven by emerging markets like Argentina, Brazil, China, and India.

Consumer demand continues to drive the industry, as noted in the current major packaging trends: convenience, flexibility, safety, sustainability, and technology.

## Adopted Habits Aren't Going Anywhere

The pandemic brought radical changes to people's everyday lives, and it is clear that many of the newly adopted behaviors will not disappear overnight. Consumers will continue to rely on grocery retailers to keep

them both fed and healthy while expecting minimum disruptions and high respect for safety regulations—both in terms of handling and the state of delivered products.

Take-home grocery sales grew by 17% between April and July, breaking the record for the fastest period of growth since 1994. Online grocery shopping also gained popularity while managing to engage entirely new demographics. Some 10% of Baby Boomers now say they will buy more groceries online once the pandemic is over—compared to 34% of Gen Xs and 40% of Millennials.

Due to consumer hyper-awareness of safety and sanitation, the whole food industry will continue to be defined by safety practices. Sanitizing common surfaces like keyboards, door handles, tables, and chairs regularly will remain the norm. Beyond “manual” rules such as the mandatory use of face masks, requirements such as regular health checks could boost the adoption of technology across the industry, transforming not only customer-facing interactions but also the processes behind the curtain.

### Competition

There are just four competitors in a similar line to this company, and none of them offer the same range, extensive choices, scale of distribution network, or rapid growth opportunity offered by this business.

### Market Area

This business is located in the Pacific Northwest, with products shipped and sold by distributors all over the United States.

### Advantages of Doing Business in Washington State

Dozens of businesses that are household names are opening new offices and facilities in Washington State and thousands of people are moving to the state every year for the following reasons:

- **Pro-Business Climate:** Washington is one of a handful of states that do not have a personal or corporate income tax. The state also offers companies incentives to spur growth in the form of tax deferrals and credits for specific industries or activities.
- **Expert Workforce:** Few places in the country boast a workforce that is more educated and skilled. One in three workers have a post-secondary degree, and unique public-private partnerships between colleges, universities, and businesses ensure a steady stream of highly qualified workers.
- **Robust Supply Chain:** Washington offers a robust supply chain that can deliver the goods on time, every time. From the production of raw materials into finished goods to the recycling of products and services at the end of their life cycle, the supply chain in Washington State is dedicated to the success of businesses.

- **Centralized Export Hub:** Equidistant between Europe and Asia, the ports and transportation system serve as a gateway to opportunity. In addition, the Choose Washington team provides businesses with all the assistance needed to tap new markets overseas.
- **Culture of Creativity:** Washington is a place where new ideas become international icons. Companies like Starbucks, Boeing, Microsoft, Nordstrom, and Amazon have not only become highly revered brands but have changed the very face of their respective industries. Washington State thrives on new ideas and knows how to bring them successfully to market.
- **Low-Cost Energy:** As the largest producer of clean, sustainable hydroelectric power in the country, as well as an early adopter of alternative energy sources such as wind and solar, Washington offers businesses low-cost energy (as low as 4.13¢ per kilowatt-hour) and a stable, scalable grid that can meet the most demanding user needs.
- **Inspirational Lifestyle:** With its pioneer spirit, rich cultural and recreational opportunities, diverse geography, and mild climate, Washington State is a great place to build a future. From the quaint communities that dot the landscape to the bustling metropolitan centers on the coast and inland, it provides an idyllic setting to build a business and a life.

# Request More Information

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